

## FEDERAL RESERVE SYSTEM

### An Intelligent Criticism of Recent Operations.

#### THE EFFECT OF SO-CALLED DEFLATION

Institution of Splendid Possibilities for Good if It Will Follow and Help Business Instead of Trying to Control the Same.

By Samuel W. McCall, Ex-Governor of Massachusetts.

The Federal Reserve system was designed to furnish a circulating medium which should expand and contract in response to the demand of trade. We were apt to think of it as something self-operating, and furnishing a natural expansion and contraction according to the beautiful law of its being. This natural process, however, is one of its beneficent possibilities. It is in effect a governmental machine deity and its real beneficence depends largely upon the wisdom of those who direct its workings.

Something more than a year ago it was decided that we should have deflation, and instead of waiting for deflation to come along naturally, chiefly as a result of a shrinkage in demand, it was decided that it should be hastened, that the loans to business men should be contracted, and to borrow a phrase of the time, that "labor should be liquidated." Thus, there came about a forced contracting of currency and what comes to the same thing, of credits, and we saw to an extent a substitution of the arbitrary action of men for the play of natural forces.

The result was chiefly effected by the automatic enforcement of high interest rates against the banks upon their rediscounts, and this was reflected in turn in many instances in still higher rates charged by the banks directly against their customers. The reports of the Federal Reserve system show very clearly the extent to which this process was carried.

During the year prior to the close of September, 1921, there had been a contraction in the currency notes of about \$800,000,000, and in the total bills, meaning government bills and rediscounts of the banks, there had been a shrinkage of nearly \$1,700,000,000, or more than half of the total amount. I think we should look in vain for such another proportionate shrinkage in a single year under any system coming as a result of the laws that govern trade and not stimulated by any forced process.

After the Civil War the country witnessed the results of inflation and overexpansion. Gold was selling at a premium of 50 points and everything else was upon an inflated basis. Mr. McCulloch, then secretary of the treasury, an official of solid merit who has been surpassed by none of our modern secretaries excepting John Sherman, determined on the policy of taking in financial sail, but he proceeded with great caution.

He retired \$2,000,000 of greenbacks each month, with the approval of congress, until the total amount retired amounted to \$44,000,000. Then widespread clamor arose against what was regarded as drastic contraction, and congress reversed the policy.

Later it even voted to increase the outstanding greenbacks to \$400,000,000, and this action called for the great veto of President Grant. Here was a contraction of only \$44,000,000, cautiously made, and one of its results was the arousing of the inflation sentiment which so nearly put the currency of the country upon a most unstable basis.

The contraction of currency and the arbitrary enforcement of high interest rates which has been witnessed has accelerated the fall in commodity values and, as a result, business men were squeezed under this government-aided press and the country was filled with thousands of lame business ducks from Eastport to Los Angeles. The distress by no means extended to concerns that might ordinarily be called weak but great corporations and firms which had long been prosperous were made to suffer severely.

We saw Mr. Ford barely making his escape and only as a result of his remarkable business capacity. No class has been hit harder than the farmers, with the value of some of their products, like wool, cotton and hides, disappearing almost entirely. No one surely can deny that there has been very much liquidation of labor with the throwing of some five millions of men out of employment.

It is difficult to believe that all this is the result of that natural elasticity that was supposed to be illustrated by the Federal Reserve system. Even if we had had no excessively high taxes, or none of the ordinary reactions from war, what other results could have

been expected to be seen in business as a consequence of such a sudden application of the financial brakes?

The process of getting back to a normal condition after a period of expansion is a very delicate one. While unnatural expansion is bad it is dangerous to impose a radical limitation and attempt a too sudden cure. The virtuous end of contraction will be better achieved by following and not causing a shrinkage in trade.

Of the four great industrial countries of the world the two which have proceeded more slowly in the direction of deflation or have not proceeded at all are Germany and France. The combined unemployment in those two countries is not comparable with unemployment in England. In the United States, where contraction has been most drastically applied, unemployment has reached a height that is not approached by any other country.

In its consideration of the unemployment problem the commission appointed by the president might have begun by considering the inevitable result of the forced process of deflation.

The old banking system could not be called elastic, and yet it was administered with very great ability and showed some remarkable results. The shock caused to business and finance by the outbreak of the war in Europe was met superbly by the banks. Europe held great quantities of our securities and vast amounts of them were tumbled upon our stock exchange for sale. The different nations in the war or likely to be involved in it were reaching in every direction for gold.

Our stock exchanges were ordered closed, and there were present all the elements of a formidable financial panic. But, although the reserves of the banks were fast dwindling and had fallen much below the legal limit, the banks courageously expanded their loans. Rates were kept down, and when the new banking system came into force in November of that year the situation had been already put under control.

The reserve system showed its capacity during the war by permitting business to lead and by following its legitimate demands. In contraction, instead of following business, and responding to its legitimate demands, it has preceded business and compelled trade to adapt itself to the requirements arbitrarily imposed by the system. It compelled it to lie upon such an iron couch as might be provided for it. We had elasticity with a club.

One thing needs no further illustration. This is that the business and industry of the country and of different portions of it lie in the hands of the administration of the reserve system. It is to be noted that the country has suffered from no lack of gold. Indeed, roundly every dollar of the Federal Reserve notes is secured by a dollar in gold, and we were influenced by no threat of danger to the stability of our currency.—New York World.

#### PLANS FOR SCHOOL

A. R. P.'s Will Soon Complete Arrangements at Heidelberg.

Plans for the proposed Associate Reformed Presbyterian school at the old Heidelberg Academy near Hendersonville, are expected to be completed during the next week, according to local members of the board of directors, says the Charlotte News of last Thursday.

It was rumored during the last week that there was some misunderstanding in the boundary lines of the property purchased by the Seeders at that place which might seriously affect the entire deal, but local members of the organization state that this will not affect their plans.

A meeting of the finance committee was held at Heidelberg Tuesday and Rev. W. B. Lindsay, who attended that meeting stated that the work would not be held up and that, while the plans for the establishment of a girls' school at that place were not yet completed it was probable that they would be within the next week.

The grounds purchased by the Associate Reformed Presbyterians near Hendersonville contain some 250 acres and were formerly used as a school site. A large, roomy building is situated on the grounds. This building was formerly used as a dormitory on the grounds. This building contains over 100 rooms.

Landscape gardeners have already visited the place and plans for beautifying the grounds have been perfected. The present plans for the establishment of an Associate Reformed Presbyterian assembly ground at that place. Lots are to be laid out and sold to the ministers and laymen of the church. Here the summer conferences of the church will be held and an ideal place furnished for the worn-out ministers of the church to spend their summer vacations.

#### STANDS FOR DECENCY

Mayor Oles Will Make Clean City of Youngstown.

Youngstown, O., November 10.—"I expect to allow Sunday moving picture shows," stated George L. Oles, Mayor-elect, in announcing his platform this evening, "as long as they run clean shows and no underwear exhibitions. If they use common horse sense we'll get along all right. But not one carnival will be permitted to play in Youngstown."

With his wife and two children, Oles will leave Friday for Florida, where he will remain until January 1, when he will assume his duties as mayor. He succeeds Fred J. Warneck, Republican, whom he defeated for re-election.

"The soft drink license law will be enforced to the limit," Bootleggers have no place in the society of respectable people. A bootlegger is my idea of a human scum."

"I have been charged with shying the parks will be wide open. They will not be wide open. There will be enough police in the parks to see what is going on, and none of them will be asleep. If they go to sleep once they will be fired. Young men and women, are going to be allowed to walk through the parks together, and are certain to hold hands and spoon if they want, but immoral spooning won't be allowed. I've had the women tell me what is going on and I have a number of women detectives."

"And I expect every mother in this city to be a policeman for me. You can't put anything over on the mothers. They know too much about human nature."

"Youngstown youngsters are going to find out that we have a curfew law, and parents who won't keep their children at home after that hour will find them locked up to keep them from going to the devil. Our young people must be protected. If you bring up a child in the way it should go, the chances are it will not stray far from the path later on. I'll have enough women policemen to take care of the young girls on the streets, and the girls who can't give reasonable answers will be taken home."

"Street walkers will have to walk the streets of some other city. Fortune tellers and clairvoyants will find their business on the bum. They are frauds. No woman or man can look in a pipeful of smoke or a deck of cards and tell me what's going to happen. I don't need to look at a deck of cards to tell what's going to happen to them. They're going to leave town or stop taking people's money."

"I'm going to try something now on the speeders and start in with the police in the department. The flying squadron is all right, but the police have no right to tear through our city at the rate of sixty to eighty miles an hour, just to be spectacular. They'll get there just as soon traveling at a decent rate and not driving like fools. The people who are found guilty of

speeding will not get off with a fine. They'll go to jail."

"The people who think I'm going to run an open town are going to wake up January 1 and get the biggest shock of their lives. It's going to be down with the lid, and it's going to stay down and all the politicians or grafters in Christendom won't pry that lid loose. We're going to have the cleanest city in Ohio, in the whole country, if I can do it."

"They ask if I am going to close the town up. I am—to immoral houses, bootleggers, street walkers, thugs and criminals."

#### CONFERENCE OF GOVERNORS

Notable Meeting to Be Held in Charleston Next Month.

A large number of governors have accepted Governor Cooper's invitation to attend the national conference of governors, to be held in Charleston, December 5-8. Gov. Cooper expects a large attendance.

Tentative plans announced by Governor Cooper provide for a gathering of the governors in Columbia on December 5th, with a reception that night by Governor and Mrs. Cooper. A special train will take the governors to Charleston, where the remaining days of the conference will be held. Tentative plans also call for an adjourned meeting to be held in Washington, where the governors will meet the president.

The main topic before the conference will be the unemployment problem. This will be discussed from the viewpoint of all parts of the nation.

So far Governor Cooper has received acceptances of his invitation of a few days ago from the following: Gov. and Mrs. Thos. W. Hardwick, of Georgia; Gov. and Mrs. Thos. E. Campbell, and other officials, of Arkansas; Gov. and Mrs. Channing H. Cox and one member of the Governor's staff, of Massachusetts; Gov. Arthur M. Hyde, of Missouri; Gov. and Mrs. Harry L. Davis, of Ohio; Gov. and Mrs. J. A. B. Robertson, of Oklahoma; Gov. Julius A. Wilcox and his secretary of civil and military affairs, of Vermont; Gov. Everett J. Lake and several officials of Connecticut; Gov. and Mrs. Cary A. Hardee, of Florida; Gov. and Mrs. J. I. Blaine, of Wisconsin; Gov. and Mrs. W. D. Denny, of Delaware; Gov. N. E. Kendall, of Iowa; Gov. and Mrs. J. A. O. Perus, of Minnesota; Gov. and Mrs. J. M. Dixon, of Montana; Gov. and Mrs. S. R. McKelvie, of Nebraska; Gov. and Mrs. R. D. Carey, of Wyoming; and Governor Edwards, of New Jersey. Tentative acceptances have been received to date from Governors W. H. McMaster, of North Dakota; E. F. Morgan, of West Virginia; and Albert C. Ritchie, of Maryland. Governor Allen, of Kansas is president of the conference.

—A good business woman usually drives a harder bargain than a man.

—Carrying the furniture of the ex-kaiser to Holland called for 53 railway vans.

#### GIVING MILLIONS AWAY

Interesting Sketch of Europe's Man of Mystery.

Europe's man of mystery—that's what they call Sir Basil Zaharoff, a short, white-haired, simply-dressed man who glides in and out of European capitals and always makes statesmen and captains of finance sit up and take notice, relates a Paris dispatch.

He's Russian by his father, Greek by his mother, French by nationality and English by education and knight-hood.

In business he owns banks all over Europe, has a very large block of stock in England, French and other great armament factories, a string of theaters, and half of Monte Carlo.

He has homes in most of the great cities of Europe, but his special place is his palace in the Avenue Hoche, Paris, and his estate at Monte Carlo, where he entertains on a scale of magnificence rivaling that of an oriental potentate.

He gave 500,000 pounds per annum to the Greek government during the Balkan wars and 100,000 pounds to Athens for a radio training station. For the training of French athletes

he gave 20,000 pounds and he gave 28,000 pounds each to establish chairs of Aeronautics in the Paris Sorbonne, and the University of Petrograd in the old days before the Bolsheviks ruled.

He gave 25,000 pounds to the British government to endow a professorship of aviation and a like amount to Oxford University to establish a Marshal Foch professorship of French literature.

Speaking most of the tongues of Europe, he refuses to talk for publication in any of them.

Zaharoff is reported to be behind a newspaper shortly to be launched in Paris and to be edited by Clemenceau.

Mules Come Cheap.—Live stock taken in mortgage and sold on the block in Bamberg go at ridiculously low prices during these strenuous times, and on some days pretty fair mules are struck off to bidders at from ten to fifteen dollars a head. On one occasion a Bamberg citizen is known to have wagered a mule against a mule on a foot ball game, and the party betting on the losing team laughed it off as a joke saying he

would gladly deliver the mule because although he bet the wrong way he felt that he was the winner since he wouldn't have to feed the animal any longer.—Bamberg Herald.

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C. L. PARKER & CO. Phone 144 CLOVER, S. C.

## Three Billion Dollars

Experts estimate that there are in the United States upwards of Three Billions of Dollars in real cold cash that is not being put to its proper and legitimate uses. This money, so the experts figure, is scattered around in bureau drawers, old trunks, knot holes, under hearths, in "first national" banks (stockings) and men's jeans—entirely out of circulation and thus so much dead timber (in a way). If this vast sum of money were deposited in the banks of the country it would enter the various streams of trade and put thousands of men to work who are now idle because of lacking capital, and these thousands in turn would have money to spend and this in turn would create a demand for various kinds of farm products and manufactured products and thus in turn give employment to other thousands now non-producing. The hoarding of money has a back-lash that hits every person who "hides" money away. Put your surplus funds in this bank and other banks and let your idle money work for you—draw interest! DO THIS NOW—HELP BUSINESS AND YOURSELF

## BANK OF CLOVER

M. L. SMITH, President. JAS. A. PAGE, Cashier. FRANK McELWEE, SALLIE SIFFORD, Asst. Cashiers.

Safety — Satisfaction — Service

## Announcement

### OPENING OF JAMISON'S BAKERY AND CAFE

DECEMBER 1ST.

Our New Bakery and Restaurant will be open and ready to cater to the wants of the people of York county.

#### OUR ELECTRIC BAKERY

Will be in position to supply Choice Bread, Rolls, Cakes, Pies and Pastries.

#### OUR RESTAURANT

Will serve Short Orders and Regular Meals.

YOUR PATRONAGE IS SOLICITED

### JAMISON'S BAKERY AND CAFE

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Next Door to Shandon Hotel

## FEINSTEIN & KRIVIS GREAT SMASHING SALE

People from all sections have literally swamped our store during the first few days of this Great Smashing Sale and all have gone away with smiles on their faces, feeling quite sure that they had received the extreme of values for their money. Here are some of the remarks of pleased buyers, overheard by our Sales people: "How can they afford to sell these goods so cheap?" "I am glad I came to this Smashing Sale!" "I never thought I would get so much for my money as I did," and others of the same kind.

THERE ARE ONLY SEVEN (7) MORE DAYS OF THIS SMASHING SALE IN WHICH YOU CAN TAKE ADVANTAGE OF THESE WONDERFUL PRICES. SO COME EARLY AND BRING YOUR FRIENDS.

#### SPECIAL FOR SATURDAY

500 ROLY POLY DIAPERS. All hemmed and ready for use—As long as they last—10 CTS. Each

#### BLUE CHAM-BRAY SHIRTS

One big lot of Men's CHAM-BRAY SHIRTS—\$1.00 values—Now 69 CTS. Each

#### BLANKETS

\$4.75 value BLANKETS—At \$2.49

\$7.50 value BLANKETS—At \$4.95

#### BED SPREADS

\$2.50 value BED SPREADS—At \$1.49

\$3.50 value BED SPREADS—At \$2.25

#### STAPLE COTTON GOODS

32 in. GINGHAMS, 30c value 19 Cts.

27 in. GINGHAMS, 30c value 18 Cts.

27 in. GINGHAMS—Special 10 Cts.

CHEVIOTS—At 10 Cts. and 14 Cts.

Hamilton HICKORY SHIRTING 19 Cts.

SHEETING—At 8 Cts.

#### LADIES' COATS

SPECIAL VALUES in Ladies' and Children's Coats—

\$15.00 COATS—At \$7.98

\$20.00 COATS—At \$12.98

Children's \$5.00 COATS—At \$2.98

#### MEN'S SUITS

We have some remarkably good values in Men's Suits—See them now—

\$20.00 SUITS—At \$9.95

\$30.00 SUITS—At \$19.95

#### BOYS' SUITS

Boys' \$5.00 SUITS—At \$2.98

Boys' \$10.00 SUITS—At \$6.98

The above are just a few of the wonderful values that you will find at this big store during this Great Smashing Sale, which closes November 19th.

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Stove Pipe that is guaranteed to stay together.

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For all the members of the family. There are none better than these famous brands and we have them at all prices and in all styles and sizes. BUY YOUR SHOES AT CLOVER'S LEADING DRY GOODS STORE, AND SAVE MONEY.

Men's Shoes from \$3.50 to \$6.00 Pair.

Ladies' Shoes from \$2.50 to \$9.00 Pair.

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IT IS SCHOOL TIME—LET US SUPPLY THE CHILDREN WITH CLOTHING.

PARROTT'S "The Store With a Conscience" CLOVER, S. C.

## THE CITY MARKET

THE CITY MARKET WILL HAVE some of the BEST STALL FED BEEF this week that has ever been in York. LET US HAVE YOUR ORDERS and we will give you something good.

WE WILL HAVE SOME CHOICE MUTTON ON FRIDAY and SATURDAY, and also all kinds of MIXED FISH.

WE WANT YOUR—

Good FAT HOGS and your VEAL CALVES. Let us know about 'em. Buy at the CITY MARKET. Get the choice Stall Fed Meat. When you get it from a wagon, You know not what you eat.

—O. G.

THE CITY MARKET

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